

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6792

BILL NUMBER: HB 1180

NOTE PREPARED: Dec 28, 2011

BILL AMENDED:

SUBJECT: Soil and Septic System Education and Research.

FIRST AUTHOR: Rep. Kersey

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Soil and Septic System Education and Research Council:* This bill establishes the Soil and Septic System Education and Research Council (Council).

Soil and Septic System Education and Research Program: The bill also requires the Dean of Agriculture of Purdue University to establish and administer a soil and septic system education and research program.

Soil and Septic System Education and Research Fund: The bill establishes the nonreverting dedicated Soil and Septic System Education and Research Fund (Fund). It provides that the Council shall recommend expenditures from the Fund for the Soil and Septic System Education and Research Program.

Fees: The bill requires the board of each county health department (and the Marion County Health and Hospital Corporation) to impose a fee of \$25 on each permit issued by the county health department or the county for the operation, installation, construction, repair, or replacement of a septic system. The bill requires 80% of the fees to be paid to the Treasurer of State for distribution to the Fund and 20% of the fees to be placed into the county health fund for education and outreach activities related to soils and septic systems.

Effective Date: July 1, 2012.

Summary of NET State Impact: The bill would provide annual fee revenue of approximately \$200,000 that would be available to fund the Soil and Septic System Education and Research Program.

Explanation of State Expenditures: *Soil and Septic System Education and Research Program:* The bill provides that the Dean of Agriculture of Purdue University, or designee, must serve as the director of the Soil

and Septic System Education and Research Program. The director may contract with a qualified organization, agency, or individual to perform any parts of the soil and septic system education and research program. Expenses of operating the program must be paid from the Fund established by the bill.

Soil and Septic System Education and Research Fund: The nonreverting, dedicated fund may not be used for political or legislative activity of any kind. The director is to administer the fund. Expenses of administering the fund must be paid from money in the fund.

Soil and Septic System Education and Research Council: The Council must have at least five and not more than nine members. Four members are state employees. The Council must recommend expenditures from the Soil and Septic System Education and Research Fund for the Soil and Septic System Education and Research Program and for the administration of provisions of the bill. The director must consider the advice, recommendations, and assistance of the Council for the expenditure of funds for the program and for administration. The Council is to adopt bylaws governing administrative matters, such as terms of office and payment of council member's expenses. Expenses for travel and per diem of the Council may be paid from the Fund.

Fees: The State Treasurer must transfer 80% of the fees collected to the Soil and Septic System Education and Research Fund each month. The State Treasurer should be able to cover any additional administrative costs associated with this provision within the existing level of resources.

Explanation of State Revenues: *Fees:* The board of each county health department must impose a fee of \$25 on each permit issued by the county health department or the county for the operation, installation, construction, repair, or replacement of a septic system. Of the fees collected, 80% must be paid by the county treasurer to the State Treasurer each month. The State Treasurer must transfer these fees to the Soil and Septic System Education and Research Fund.

The amount of revenue that will be generated by the fee will depend on new construction or repair of septic systems in areas that have existing failing septic systems or areas with no access to sewers. If housing starts are down, the fee would generate less revenue. About 1/3 of Indiana residents use septic systems, and of these 800,000 systems, the Indiana State Department of Health estimates that about 25% are failing. If each year 5% of these homeowners are required to repair their septic systems and obtain a permit, the bill would generate around \$250,000 annually. Of this total, 80%, or \$200,000, would be deposited each year in the Research Fund.

Soil and Septic System Education and Research Fund: The fund consists of 80% of the \$25 county permit fee for installation or repair of a septic system and appropriations, gifts, or grants. Money in the fund at the end of a fiscal year does not revert to the state General Fund.

Explanation of Local Expenditures: *Fees:* Of the \$25 permit fees that are collected, 80% must be paid by the county treasurer to the Treasurer of State each month following the month in which the fees are collected. The remainder must be deposited by the county treasurer into an account within the county health fund. Money in the county health fund may be used only for education and research related to soils and septic systems. These provisions will increase administrative expenses incurred by the county and will vary by county.

Explanation of Local Revenues: *Fees:* The amount of revenue that will be deposited by the county treasurer into an account within the county health fund is indeterminable. If the permit fee generated \$250,000

annually, 20% of this amount or \$50,000 would be deposited statewide into the various county health funds each year.

State Agencies Affected: State Treasurer; Purdue University.

Local Agencies Affected: Counties.

Information Sources: John Baugh, Director, Agriculture Services and Regulations, Purdue University, Office of the Dean of Agriculture, AGAD Building, 615 W. State Street, West Lafayette , IN 47907-2053, 765-427-5063; U.S. Geological Survey, <http://water.usgs.gov/wrri/08grants/2008IN244B.html>; ISDH.

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